

supplemental data with existing SMS data were not appropriate. We agree and propose to use supplemental survey data without blending it with the SMS data.

On only one previous occasion have we used blended data in the calculation of a specialty's practice expense per hour. In the 1999 physician fee schedule

final rule (64 FR 59391), we blended the survey data from the Society of Thoracic Surgeons (STS) with the older SMS data for cardiac and thoracic surgery. Consistent with the proposed change to use supplemental survey data for oncologists' practice expenses without blending it with the SMS data, we are proposing to recalculate the practice

expense per hour for cardiac and thoracic surgery using the data from only the STS survey which will result in a modest increase in their practice expense per hour. We are proposing to use the following revised data for oncology and cardiac and thoracic surgery:

**REVISED PRACTICE EXPENSE PER HOUR**  
[Dollar]

Specialty	Clin. staff	Admin. staff	Office expense	Med. supplies	Med. equip.	Other	Total
Cardiac/Thoracic .....	19.5	18.0	17.2	2.1	2.1	14.2	73.1
Oncology .....	53.4	34.7	34.4	16.9	7.4	42.2	189.0

**c. Nonphysician Work Pool**

The nonphysician work pool is a special methodology that we used to determine practice expense RVUs for many services that do not have physician work RVUs. We created the nonphysician work pool as an interim measure until we could further analyze the effect of the basic practice expense methodology on Medicare payment for services that do not have physician work RVUs. While the nonphysician work pool is of benefit to many of the services that were originally included, we have allowed specialties to request that their services be removed from the pool. Because the nonphysician work pool includes a variety of services performed by many different specialties, we use the "all physician" average practice expense per hour in place of a specialty-specific practice expense per hour.

Oncologists currently receive approximately 23 percent of their Medicare physician fee schedule revenues from drug administration services that are in the nonphysician work pool. For drug administration

codes to benefit from the increase in oncology's practice expense per hour, it would be necessary to remove them from the nonphysician work pool and use the general top-down methodology to establish their practice expense RVUs. For this reason, we are proposing to remove therapeutic and diagnostic infusions (CPT codes 90780 and 90781), therapeutic, prophylactic or diagnostic injections (CPT codes 90782 through 90788) and chemotherapy administration (CPT codes 96408 through 96549) from the nonphysician work pool. Practice expense RVUs for these services will be computed utilizing the standard practice expense methodology used for computing practice expense RVUs for other services outside the nonphysician work pool. (CPT code 96400, chemotherapy injection, is not listed above because it has already been removed from the nonphysician work pool at the request of the American Urological Association. See the December 31, 2002 final rule, 67 FR 79981. This service is primarily provided by urologists and increased in payment by 640 percent between 2002

and 2003 as a result of being removed from the nonphysician work pool).

As we state above, we use the all physician average practice expense per hour in calculating the aggregate practice expense pool for services included in the nonphysician work pool. Once drug administration services are removed from the nonphysician work pool, nearly 98 percent of Medicare allowed charges for services affected by the nonphysician work pool calculations are diagnostic tests provided by radiologists, cardiologists and internists and therapeutic radiation oncology services. Because there is a less heterogeneous group of services remaining in the nonphysician work pool once drug administration services are removed and to minimize the impact of the removal of these services, we are proposing to revise the practice expense per hour based on a weighted average of the specialties that perform the services affected by its calculations. We are proposing to use the following revised data in the practice expense methodology for services remaining in the nonphysician work pool:

**REVISED PRACTICE EXPENSE PER HOUR**

Specialty	Clin. staff	Admin. staff	Office expense	Med. supplies	Med. equip.	Other	Total
Nonphysician Work Pool .....	\$15.8	\$17.4	\$21.5	\$7.9	\$4.9	\$15.0	\$82.6

In the practice expense methodology, the practice expense per hour for each category of costs is multiplied by the physician time per procedure and summed to the specialty level to create aggregate cost pools. By definition, nonphysician work pool services do not involve the physician and have no physician time. To create the nonphysician work pool, we have used clinical staff time per procedure in the

computation. In the June 28, 2002 proposed rule (67 FR 43851), we proposed to use the maximum staff time where multiple staff are involved in providing the service. By using the maximum staff time, we are assuming that clinical staff are working concurrently. However, it is possible that clinical staff are working sequentially and it would be appropriate to use the total staff time for

each service. We believe the staff time arrangement will likely differ based on the specific service and it is not possible to adopt a rule that will address every situation. Nevertheless, we are proposing to use the total staff time in place of the maximum staff time for developing the 2004 physician fee schedule. As we stated earlier, the nonphysician work pool was adopted as an interim step until we could further